

BULLETIN 93-5

TO: Accident and Health Insurers Operating or Intending to Operate as Small Employer Carrier Under N.D.C.C. Chapter 26.1-36.3

FROM: Glenn Pomeroy, Commissioner

DATE: November 4, 1993

SUBJECT: Implementation of Small Employer/Employee Health Insurance Act (N.D.C.C. Chapter 26.1-36.3)

The 1993 Legislative Assembly passed House Bill No. 1504, the Small Employer/Employee Health Insurance Act (N.D.C.C. Chapter 26.1-36.3), which became effective August 1, 1993. This bulletin sets forth a tentative timetable for implementation of various provisions of the Act.

I have appointed the Health Benefit Plan Committee and the Reinsurance Board as required by the statute. The task of the Health Benefit Plan Committee is to design a basic and standard health plan to be offered to small employers by small employer carriers. The immediate task of the Reinsurance Board is to submit a plan of operation for administering the reinsurance program set forth in statute. Both the Health Benefit Plan Committee and the Reinsurance Board have been appointed by me and have held initial meetings. The Health Benefit Plan Committee expects to have the basic and standard plan finalized by January 1, 1994. The Reinsurance Board expects to submit a plan of operation to me by March 1, 1994 or sooner.

The National Association of Insurance Commissioners (NAIC) Model Regulation implementing the Small Employer/Employee Insurance Act is expected to be adopted once the benefit plan and reinsurance plan of operation are approved. The tentative timeline for implementation of various portions of the Act are set forth below:

Tentative Timeline for Implementation

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| 1. | Guaranteed renewability (N.D.C.C. § 26.1-36.3-05)
Rate restrictions - tightens 7/1/91 law (N.D.C.C. § 26.1-36.3-04) | August 1, 1993 |
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| 2. | 75 percent loss ratio (N.D.C.C. § 26.1-36-37.2)
Purchasing cooperatives (N.D.C.C. § 26.1-01-07.4) | January 1, 1994 |

Restoration of terminated coverage
(N.D.C.C. § 26.1-36.3-12)
Standard claim form (N.D.C.C. § 26.1-36-37.1)

3. Business classes (N.D.C.C. § 26.1-36.3-03) June 1, 1994
Fair marketing standards (N.D.C.C.
§ 26.1-36.3-11)
Guaranteed issue (N.D.C.C. § 26.1-36.3-06)
Plan availability (N.D.C.C. § 26.1-36.3-06)
Portability (N.D.C.C. § 26.1-36.3-06)
Preventative health copayment (N.D.C.C.
§ 26.1-36-09.4)
Reinsurance program (N.D.C.C. § 26.1-36.3-07)

Those small employer carriers who are currently operating in the state and do not intend to operate as a small employer carrier under N.D.C.C. Chapter 26.1-36.3 may not write any new business nor service existing business in the small employer market in the state.

Please note that Congress is expected to pass one of the four major health reform packages that have been introduced in Congress (Chaffee, Clinton, Conservative Democrats, or Michel's Plan). Any of these reform packages which are adopted as introduced would make North Dakota's small employer law obsolete. However, the federal time frame for implementation may require North Dakota to implement this Act in the interim.

If you have any questions on the small employer/employee law, please contact Beth Allen of our Department at (701) 224-2440.

GP/njb